

Logistics Task Force Meeting
Monday, May 23, 2011
North Carolina Central University School of Law
Durham, NC

Lt. Governor Walter Dalton, Chairman of the Governor's Logistics Task Force called the meeting to order at 9:31 a.m. with the following members present: Al Delia, Dee Freeman, Keith Crisco, Gary Teng, Lew Ebert, Paul Friday, Dan Danieleley, Pat Long, David Willauer, Earl Brinkley, Nelson Cole, Larry Wooten, Terry Bellamy and John Marshall attended on behalf of Dee Blackwell.

The following members were absent: Gene Conti, Clark Jenkins, Michael Walters, Danny McComas, Dawn Clegg, Allen Joines, Buddy Shavender, Tom Eagar, John Atkins, Jerry Orr, Bob Morgan, Paul Kauffmann, Beth Austin, David Congdon and Joe Stephens.

Chairman Dalton thanked everyone for attending the meeting and introduced Dr. Charlie Nelms, Chancellor, North Carolina Central University. Dr. Nelms welcomed everyone to NCCU and thanked the Logistics Task Force for meeting at this location. Dr. Nelms stated that NCCU has approximately 8,700 students. They are very concerned about logistics due to the fact that only 2,900 students are housed on campus. The others have to travel to the campus. Dr. Nelms introduced Mr. Raymond Pierce, Dean, NCCU School of Law. Mr. Pierce welcomed everyone and also thanked the Task Force for choosing NCCU for their meeting site.

Chairman Dalton stated the Task Force has met in all seven economic regions in order to gain knowledge of what is needed throughout the state. He feels this has been very beneficial to the Task Force Members. Chairman Dalton introduced Secretary Dee Freeman, NC Department of Environment and Natural Resources. Secretary Freeman presented information regarding "Why We Are Here". He shared the goals for the Task Force is to create jobs and recruit industry by developing better way to move people, goods and information. Secretary Freeman also stated how important it is not to forget the environment when planning a project. We have to protect the air, land and water for future generations. Clean air + water + land = attractive business environment. According to a report in the May 2011 issue of Chief Executive Magazine, North Carolina is ranked #2 Best State for Business. He stated you should always include the environment early in planning process. Most all projects require permits of some kind. Most environmental laws DON'T say you can't do something. They say you must consider and reduce the impacts. Secretary Freeman stated that due to our economy, we all must do more; provide better service with fewer resources. He also stated that the military is one of the strongest partners. A copy of Secretary Freeman's presentation is made a part of the minutes as Addendum #1.

Chairman Dalton thanked Secretary Freeman for his presentation and introduced Mr. Charles Hayes, President and CEO, Research Triangle Regional Partnership. Mr. Hayes shared information regarding the triangle economic region. Their mission is to market the 13 counties

to the benefit of their communities and to direct strategic and tactical efforts to maintain global competitiveness. Their vision is to be a world leader in intellectual capacity, education and innovation in order to enhance productivity and economic growth and achieve a superior quality of life for all our citizens. Mr. Hayes states the Research Triangle Region is Best for Business, Work and Play. There are 2 million plus people in this region. The high quality of life enables the region to attract and retain knowledgeable workers. This region has the largest science park in the United States. It also has the top ranked K-12 schools, community college education and training programs and top universities. Research Triangle Region has a plan to create 100,000 jobs and boosting employment in all 13 counties of the region by focusing on three key strategies: Business Growth; Product Development and Regional Collaboration. A copy of Mr. Hayes' presentation is made a part of the minutes as Addendum #2.

Chairman Dalton thanked Mr. Hayes for his presentation and introduced Mr. Ed Johnson, Director, CAMPO and Mr. Mark Ahrendsen, Director, DCHC MPO. Mr. Johnson and Mr. Ahrendsen presented information regarding transportation challenges in the Research Triangle Region. They shared the key roles of MPOs in Transportation. They are: Long-range transportation plan; Transportation Improvement Program and National Air Quality Regulations. Mr. Johnson explained that Transportation Management Areas are urbanized areas with a population of over 200,000 or by special designation. 9 of the 17 North Carolina MPOs are designated as TMAs. He also stated the Triangle region is projected to receive nearly a third (31%) of our state's total population growth over the next 25 years. Mr. Ahrendsen spoke regarding the task at hand of how we need to get busy now and not wait until 10 years when things are happening. Some of his recommendations were to continue to identify projects and programs where the needs are the greatest, continue to phase out Highway Trust Fund revenue transfer to the NC General Fund, increase funding available through the NCDOT's Mobility Fund for major multimodal infrastructure projects and secure new sources of dependable transportation funding that can be used flexibly by NCDOT and MPOs to support transportation needs for all of the state's transportation modes and tiers in the most cost-effective manner. A copy of their presentation is made a part of the minutes as Addendum #3.

Chairman Dalton thanked Mr. Johnson and Mr. Ahrendsen and introduced Mr. Joe Milazzo, Executive Director, Regional Transportation Alliance. Mr. Milazzo presented information regarding their 2011 action plan. He discussed information regarding the Triangle Connector to I-85 and shared several quick facts. Mr. Milazzo also shared information regarding the Intercity High Speed Rail in North Carolina and Virginia. He discussed The Future Interstate 44: Raleigh to Hampton Roads. Mr. Milazzo also shared information regarding the Bus on Shoulder Systems. This will allow buses to travel on the shoulder of the highways in order to bypass congestion and maintain transit schedules. Buses cannot go any faster than 15 mph over what traffic is moving. For example, if traffic is at a standstill the bus can run 15 mph on the shoulder. This was first implemented in Minnesota more than 20 years ago. At least 10 states now use bus on shoulder. A copy of Mr. Milazzo's presentation is made a part of the minutes as Addendum #4.

Chairman Dalton thanked Mr. Milazzo for his presentation and then asked for a motion to approve the minutes from the March meeting. A motion was made by Larry Wooten which was seconded by Nelson Cole. The March minutes were unanimously approved.

Chairman Dalton introduced Mr. Jerry Bridges, Executive Director, Port of Virginia. Mr. Bridges shared information regarding the Ports in Virginia. They service a large portion of products coming to North Carolina. Their Cargo Terminals are Hampton Roads Harbor, APM Terminals, Norfolk International Terminals, Portsmouth Marine Terminal, and the Newport News Marine Terminal. Each facility has on dock rail. Norfolk International Terminal is the largest. Newport News Marine Terminal can receive automobiles. They also operate an Inland Port which has a five-day-a-week rail service between the Virginia Inland Port and the Hampton Roads marine terminals. Mr. Bridges stated that 75,000 employees have work in this part of Virginia since the port has been there. The Future Craney Island Marine Terminal will open approximately 2025. They have received \$750 million from the federal government. The Port of Virginia is ranked third among the top 10 U.S. East Coast Ports and seventh among the top U.S. Ports. Nearly 1.84 million TEUs moving over the Port in 2010 were transported by barges, rail and trucks. There were 4% by barge, 28% by rail and 68% by truck. Mr. Bridges stated the expansion of the Panama Canal is a huge project. It is on time and under budget. He feels that until some work is done to the Port in Wilmington, products will continue to go through the Virginia Port. As North Carolina starts to do the economic plans, there are great opportunities to work jointly. Secretary Dee Freeman posed a question regarding financing of the Craney Island facility development. Mr. Bridges discussed the use of bonds to finance growth and development opportunities, but he stressed that re-payment of those obligations will be made with operating revenue generated through Virginia Port Authority. A copy of Mr. Bridges' presentation is made a part of the minutes as Addendum #5.

Chairman Dalton thanked Mr. Bridges for his presentation and introduced Mr. Lou Tapper, Vice President for Global Business Development, Longistics. Mr. Tapper shared information regarding the Importance of FTZ's (Foreign Trade Zones) in Global Logistics. FTZ's are secured areas under the supervision of customers and borders protection. They were created in 1934. There are over 230 FTZ's nationally with 400 subzones. North Carolina has 6 FTZ's. They are located in Charlotte, Port of Wilmington, Port of Morehead City, Piedmont Triad, Raleigh RTP and Global TransPark. Several features of FTZ's are direct delivery which expedites arrival of goods and eliminates exams/delays; inverted tariff, weekly customs entry reduces paperwork and recordkeeping; reduction of merchandise processing fees and duty deferral or elimination. FTZ's offer great incentives for attracting new business or maintaining the existing business. The Department of Commerce has a full time staff working with people on establishing FTZ's. A copy of Mr. Tapper's presentation is made a part of the minutes as Addendum #6.

The meeting was recessed for lunch 12:05 p.m.

Task Force Member Dee Freeman reconvened the meeting at 12:39 p.m. He introduced Mr. David Willauer, Manager, Transportation and Geospatial Technologies Division, IEM. Mr. Willauer presented information regarding the statewide regional hazardous materials study. This study is sponsored by the NC Division of Emergency Management. The study team includes NCEM, NCDOT, NCDENR, NCDA&CS and NCPH. It is funded by USDOT Hazardous Materials Emergency Preparedness (HMEP) funds. He shared the hazardous chemical routes and some of the effects of the chemicals that are transported. Mr. Willauer also shared information on identifying truck tankers and rail tank cars. A copy of Mr. Willauer's presentation is made a part of the Minutes as Addendum #7.

Chairman Dalton thanked Mr. Willauer for his presentation and introduced Ms. Crystal Collins, President, North Carolina Trucking Association. Ms. Collins shared information regarding the North Carolina Trucking Association. It was founded in 1929 and is governed by a board. Safety is the most important issue in which they train. Ms. Collins stated that trucking drives the economy. In 2008, the trucking industry in North Carolina provided 211,847 jobs, or one out of 16 in the state. The Trucking Association has partnerships with NC Highway Patrol, FMCSA and Governor's Highway Safety Programs. Chairman Dalton asked if there were three things that North Carolina could do/not do to make their industry better what would they be. Ms. Collins will discuss this with their board and get back to the Task Force. A copy of Ms. Collins' presentation is made a part of the minutes as Addendum #8.

Chairman Dalton thanked Ms. Collins and introduced Mr. Joe Freddoso, President and CEO, MCNC. Mr. Freddoso shared information regarding Golden LEAF rural broadband initiative and the future of MCNC/NCREN. Mr. Freddoso stated that if you are not connected, you are disenfranchised. He provided a list of places they serve today. He explained the advantages of a backbone, you pay for the backbone; however, your price for internet bandwidth is much cheaper. A financial example for a rural facility before NCREN, the circuit cost is \$2800/month and the bandwidth at 10mbps is \$1200/month. With NCREN the circuit cost is \$1900/month and the bandwidth at 100 mbps is \$600/month. ARRA provides \$7.2B to enhance broadband access. MCNC applied because of limited fiber available in rural North Carolina. They wanted to ensure NCREN's capacity to provide efficient service and maintain low cost to our public schools, Universities and Community Colleges. They also wanted to bring middle mile closer to underserved consumers and small businesses. They have secured two rounds of grants, they are using no state funds. A copy of Mr. Freddoso's presentation is made a part of the minutes as Addendum #9.

Chairman Dalton thanked Mr. Freddoso and introduced Dr. George List, NCSU/ITRE. Dr. List gave an update to the Task Force regarding the Seven Portal Study. This has been a very interesting study. The next step is to prepare the final report draft. The final report draft is due by mid-June. The Regional Hub Design committee will review the study and hope to share the report in August. A copy of Dr. List's presentation is made a part of the minutes as Addendum #10.

Chairman Dalton thanked Dr. List and introduced Ms. Rachel Vandenberg, AECOM. Ms. Vandenberg presented and Overview of the North Carolina Maritime Strategy. One of their goals is to take a fresh look at the role of North Carolina ports in sustaining and strengthening the State's economy. The North Carolina Maritime Strategy is being prepared as the expansion of the Panama Canal nears its scheduled 2014 completion, and the United States recognizes the increasing importance of exports to national and regional economic growth. Ms. Vandenberg stated they plan to have their recommendations by December 2011 and the final report by February 2012. A copy of Ms. Vandenberg's presentation is made a part of the minutes as Addendum #11.

Chairman Dalton thanked Ms. Vandenberg for her presentation and stated how interesting this study will be. He then opened the floor for public comments. There were no public comments.

Seth Palmer distributed information to the Task Force members asking that they look over the information and offer comments at the next meeting.

The meeting was adjourned at 1:58 p.m.